

SERFF Tracking Number:	WAUS-125652783	State:	Arkansas
First Filing Company:	Employers Insurance Company of Wausau, ...	State Tracking Number:	EFT \$100
Company Tracking Number:	WCR-AR-033-08		
TOI:	16.0 Workers Compensation	Sub-TOI:	16.0004 Standard WC
Product Name:	Workers Compensation		
Project Name/Number:	7-1-2008 WC Rates/WCR-AR-033-08		

## Filing at a Glance

Companies: Employers Insurance Company of Wausau, Wausau Business Insurance Company, Wausau Underwriters Insurance Company

Product Name: Workers Compensation	SERFF Tr Num: WAUS-125652783	State: Arkansas
TOI: 16.0 Workers Compensation	SERFF Status: Closed	State Tr Num: EFT \$100
Sub-TOI: 16.0004 Standard WC	Co Tr Num: WCR-AR-033-08	State Status: Fees verified and received
Filing Type: Rate	Co Status:	Reviewer(s): Betty Montesi, Carol Stiffler, Brittany Yielding
	Author: Judith Weber	Disposition Date: 05/20/2008
	Date Submitted: 05/19/2008	Disposition Status: Approved
Effective Date Requested (New): 07/01/2008		Effective Date (New): 07/01/2008
Effective Date Requested (Renewal): 07/01/2008		Effective Date (Renewal):
State Filing Description:		

## General Information

Project Name: 7-1-2008 WC Rates	Status of Filing in Domicile: Not Filed
Project Number: WCR-AR-033-08	Domicile Status Comments:
Reference Organization: NCCI	Reference Number: #AR-2008-02
Reference Title: Arkansas--Approved Voluntary Advisory Loss Costs and Rating Values effective July 1, 2008	Advisory Org. Circular: AR-2008-02 and AR-2008-06
Filing Status Changed: 05/20/2008	
State Status Changed: 05/20/2008	Deemer Date:
Corresponding Filing Tracking Number:	
Filing Description:	
The captioned companies file to adopt the NCCI Arkansas Voluntary Loss Costs and Rating Values effective 7/1/2008 with revised loss cost multipliers. The loss costs and rating values we are references are part of the NCCI #AR-2008-02.	

Please approve this filing.

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## Company and Contact

### Filing Contact Information

Judith Weber, State Filings Analyst	Judy.Weber@Wausau.com
PO BOX 8017	(877) 792-8728 [Phone]
Wausau, WI 54402-8017	(715) 842-6828[FAX]

### Filing Company Information

Employers Insurance Company of Wausau	CoCode: 21458	State of Domicile: Wisconsin
P O Box 8017	Group Code: 111	Company Type:
Wausau, WI 54402-8017	Group Name:	State ID Number:
(877) 792-8728 ext. [Phone]	FEIN Number: 39-0264050	

Wausau Business Insurance Company	CoCode: 26069	State of Domicile: Wisconsin
P O Box 8017	Group Code: 111	Company Type:
Wausau, WI 54402-8017	Group Name:	State ID Number:
(877) 792-8728 ext. [Phone]	FEIN Number: 36-3522250	

Wausau Underwriters Insurance Company	CoCode: 26042	State of Domicile: Wisconsin
P O Box 8017	Group Code: 111	Company Type:
Wausau, WI 54402-8017	Group Name:	State ID Number:
(877) 792-8728 ext. [Phone]	FEIN Number: 39-1341459	

## Filing Fees

Fee Required?	Yes
Fee Amount:	\$100.00
Retaliatory?	No
Fee Explanation:	\$100 filing fee if changing LCMs.
Per Company:	No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
Employers Insurance Company of Wausau	\$100.00	05/19/2008	20388188
Wausau Business Insurance Company	\$0.00	05/19/2008	
Wausau Underwriters Insurance Company	\$0.00	05/19/2008	

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## Correspondence Summary

### Dispositions

<b>Status</b>	<b>Created By</b>	<b>Created On</b>	<b>Date Submitted</b>
Approved	Carol Stiffler	05/20/2008	05/20/2008

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## Disposition

Disposition Date: 05/20/2008

Effective Date (New): 07/01/2008

Effective Date (Renewal):

Status: Approved

Comment:

Company Name:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Premium:	Maximum % Change (where required):	Minimum % Change (where required):	Overall % Indicated Change:
Employers Insurance Company of Wausau	-5.800%	\$-193,811	83	\$3,341,562	-26.300%	%	-5.800%
Wausau Business Insurance Company	-23.700%	\$-320,757	58	\$1,353,405	-39.600%	%	-23.700%
Wausau Underwriters Insurance Company	-14.400%	\$-440,845	112	\$3,061,423	-35.900%	%	-14.400%

### Overall Rate Information for Multiple Company Filings

Overall Percentage Rate Indicated For This Filing	-10.600%
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Overall Percentage Rate Impact For This Filing	-10.600%
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Effect of Rate Filing-Written Premium Change For This Program	\$-955,413
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<i>Project Name/Number:</i>	<i>7-1-2008 WC Rates/WCR-AR-033-08</i>		

<b>Effect of Rate Filing - Number of Policyholders Affected</b>	<b>253</b>
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Item Type	Item Name	Item Status	Public Access
Supporting Document	Uniform Transmittal Document-Property & Casualty	Approved	Yes
Supporting Document	NAIC Loss Cost Filing Document for Workers' Compensation	Approved	Yes
Supporting Document	NAIC loss cost data entry document	Approved	Yes
Rate	Miscellaneous Pages	Approved	Yes
Rate	Retro Pages	Approved	Yes

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## Rate Information

Rate data applies to filing.

<b>Filing Method:</b>	Prior Approval
<b>Rate Change Type:</b>	Decrease
<b>Overall Percentage of Last Rate Revision:</b>	-5.300%
<b>Effective Date of Last Rate Revision:</b>	01/01/2008
<b>Filing Method of Last Filing:</b>	Prior Approval

## Company Rate Information

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Premium:	Maximum % Change (where required):	Minimum % Change (where required):
Employers Insurance Company of Wausau	-5.800%	-5.800%	\$-193,811	83	\$3,341,562	-26.300%	%
Wausau Business Insurance Company	-23.700%	-23.700%	\$-320,757	58	\$1,353,405	-39.600%	%
Wausau Underwriters Insurance Company	-14.400%	-14.400%	\$-440,845	112	\$3,061,423	-35.900%	%

## Overall Rate Information for Multiple Company Filings

<b>Overall % Rate Indicated:</b>	-10.600%
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<i>Product Name:</i>	<i>Workers Compensation</i>		
<i>Project Name/Number:</i>	<i>7-1-2008 WC Rates/WCR-AR-033-08</i>		

<b>Overall Percentage Rate Impact For This Filing:</b>	<b>-10.600%</b>
<b>Effect of Rate Filing - Written Premium Change For This Program:</b>	<b>\$-955,413</b>
<b>Effect of Rate Filing - Number of Policyholders Affected:</b>	<b>253</b>



<i>SERFF Tracking Number:</i>	<i>WAUS-125652783</i>	<i>State:</i>	<i>Arkansas</i>
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## Rate/Rule Schedule

<b>Review Status:</b>	<b>Exhibit Name:</b>	<b>Rule # or Page #:</b>	<b>Rate Action</b>	<b>Previous State Filing Attachments Number:</b>
Approved	Miscellaneous Pages	Footnotes, Disease Loadings, Miscellaneous Values, Deductible Credits	New	AR_Misc Values_WAU 7-08.pdf
Approved	Retro Pages	2 pages	New	AR-Retro Pages Wau.pdf

**General Footnotes**

EICOW Employers Insurance Company of Wausau  
 WUIC Wausau Underwriters Insurance Company  
 WBIC Wausau Business Insurance Company

- A Rates for each individual risk must be obtained by Home Office from Rating Organization having jurisdiction.
  
- D Rate for classification already includes the special disease loading. See Specific Disease Loadings page for amount. See **Basic Manual** Rule 3-A-7.
  
- E Rate for classification already includes the specific disease loading. See Specific Disease Loadings page for amount.
  
- F Rate provides for coverage under the United States Longshore and Harbor Workers Compensation Act and its extensions. Rate contains a provision for federal assessment.
  
- M Rate provides for coverage under Admiralty Law and Federal Employers' Liability Act (FELA). A provision for the USL & HW assessment is included for those classifications under Program II USL Act.
  
- N This code is part of a ratable/non-ratable group shown below. The statistical non-ratable code and corresponding rate are applied in addition to the basic classification when determining premium.

<u>Class</u> <u>Code</u>	<u>Non-Ratable</u> <u>Element Code</u>
4771	0771
7405	7445
7431	7453

- P Classification is computed on a per capita basis.
  
- X Refer to special classification phraseology in these pages which is applicable in this state.

**\* Class Codes with Specific Footnotes**

1005 Includes a non-ratable disease element (shown below). (For coverage written separately for federal benefits only for coverage written separately for state benefits only, both shown below.)

	EICOW	WUIC	WBIC
Non-ratable disease	5.28	3.52	2.28
Federal benefits only	3.48	2.32	1.51
State benefits only	1.80	1.20	0.78

1016 Includes a non-ratable disease element (shown below). (For coverage written separately for federal benefits only for coverage written separately for state benefits only, both shown below.)  
It also includes a catastrophe loading (shown below).

	EICOW	WUIC	WBIC
Non-ratable disease	21.09	14.06	9.11
Federal benefits only	13.90	9.27	6.01
State benefits only	7.19	4.80	3.11
Catastrophe loading	0.13	0.09	0.06

6702 Rate and rating values only appropriate for laying or relaying of tracks or maintenance of way-no work on elevated railroads. Otherwise, assign appropriate construction or erection class loss cost and elr each x 1.215.

6703 Rate and rating values only appropriate for laying or relaying of tracks or maintenance of way-no work on elevated railroads. Otherwise, assign appropriate construction or erection class loss cost x 2.175 and elr x 2.032.

6704 Rate and rating values only appropriate for laying or relaying of tracks or maintenance of way-no work on elevated railroads. Otherwise, assign appropriate construction or erection class loss cost and elr each x 1.35.

7409 Payroll is subject to a maximum of \$600 per week per employee effective January 1, 2005.

7420 Payroll is subject to a maximum of \$750 per week per employee effective July 1, 2008.

8018 See Arkansas Special Classification for Warehousing-groceries exclusively.

8833 A special tuberculosis charge (shown below) is to be added to this rate whenever this class is applied to a hospital or sanitarium specializing in the treatment of tuberculosis. Apply to NCCI for the appropriate loading when this class is applied to a General Hospital operating a tubercular ward or department.  
The ex-medical advisory rate for this classification is shown below.

	EICOW	WUIC	WBIC
Tuberculosis	0.16	0.11	0.07
Ex-medical	0.49	0.32	0.21

9040 A special tuberculosis charge (shown below) is to be added to this rate whenever this class is applied to a hospital or sanitarium specializing in the treatment of tuberculosis. Apply to NCCI for the appropriate loading when this class is applied to a General Hospital operating a tubercular ward or department.  
The ex-medical advisory rate for this classification is shown below.

	EICOW	WUIC	WBIC
Tuberculosis	0.16	0.11	0.07
Ex-medical	1.80	1.20	0.78

**TABLE OF SPECIFIC DISEASE LOADINGS**  
**DISEASE SYMBOLS**

Asb = Asbestos                      S = Silica

Code No.	EICOW	WUIC	WBIC	Disease Symbol
0059D	0.29	0.19	0.13	S
0065D	0.05	0.03	0.02	S
0066D	0.05	0.03	0.02	S
0067D	0.05	0.03	0.02	S
1164E	0.08	0.05	0.04	S
1165E	0.03	0.02	0.01	S
1624E	0.05	0.03	0.02	S
1710E	0.05	0.03	0.02	S
1741E	0.24	0.16	0.11	S
1803D	0.24	0.16	0.11	S
1852D	0.05	0.03	0.02	Asb
3081D	0.05	0.03	0.02	S
3082D	0.05	0.03	0.02	S
3085D	0.05	0.03	0.02	S
3175D	0.03	0.02	0.01	S
4024E	0.02	0.01	0.01	S
5508D	0.03	0.02	0.01	S
6251D	0.06	0.04	0.03	S
6252D	0.03	0.02	0.01	S
6260D	0.03	0.02	0.01	S

Wausau Insurance Companies	Arkansas
Workers Compensation and Employers' Liability	Miscellaneous Values
Effective Date 07-01-2008	

# [ ] MISCELLANEOUS VALUES

**Basis of Premium** applicable in accordance with **Basic Manual** footnote instructions for Code:

7370 --"Taxicab Co.":

Employee operated vehicles	\$48,893.00
Leased or rented vehicles	\$32,595.00

7420 --"Aviation - Aerial Application, Seeding, Herding, or Scintillometer Surveying - Flying Crew":

Maximum payroll per week per employee	\$750.00
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**Expense Constant** applicable in accordance with **Basic Manual** Rule 3 - A - 11 ..... \$200.00

## **Domestic Terrorism, Earthquakes and Catastrophic Industrial Accidents**

EICOW	WUIC	WBIC
0.02	0.01	0.01

## **Foreign Terrorism**

EICOW	WUIC	WBIC
0.03	0.02	0.01

**Maximum Payroll** applicable in accordance with **Basic Manual** Rule 2-E-1 -- "Executive Officers" and the **Basic**

**Manual** footnote instructions for Code 9178 -- "Athletic Sport or Park: Noncontact Sports," Code 9179 - "Athletic Sport or Park: Contact Sports," and code 9186 -- "Carnival--Traveling" ..... \$2,500.00

**Minimum Payroll** applicable in accordance with **Basic Manual** Rule 2 - E - 1 - "Executive Officers". ..... \$300.00

**Per Passenger Seat Surcharge** - In accordance with the **Basic Manual** footnote instructions for code 7421, the surcharge is:

Maximum surcharge per aircraft	\$1,000
Per passenger seat	\$100

**Premium Determination for Partners and Sole Proprietors and Members of Limited Liability Companies** in

accordance with **Basic Manual** Rule 2 - E - 3 ..... \$31,900.00

**Premium Discount Percentages** (See **Basic Manual** Rule 3 - A - 19). The following premium discounts are applicable to Standard Premiums:

		WUIC, WBIC,	EICOW
		TYPE A TBL 9	TYPE B TBL 10
First	\$10,000	0.0%	0.0%
Next	\$190,000	9.1%	5.1%
Next	\$1,550,000	11.3%	6.5%
Over	\$1,750,000+	12.3%	7.5%

**United States Longshore and Harbor Workers' Compensation Coverage Percentage** applicable only

in connection with **Basic Manual** Rule 3 - A - 4 ..... 86%

( Multiply a Non-'F' classification rate by a factor of 1.86 to adjust for differences in benefits and loss-based expenses. This factor is the product of the adjustment for differences in benefits (1.67) and the adjustment for differences in loss-based expenses (1.116).)

## **Experience Rating Eligibility**

A risk is eligible for intrastate experience rating when the payrolls or other exposures developed in the last year or last two years of the experience period produced a premium of at least \$8,000. If more than two years, an average annual premium of at least \$4,000 is required. Page A-1 of the **Experience Rating Plan Manual** should be referenced for the latest approved eligibility amounts by state.

Wausau Insurance Companies	Effective Date 07-01-2008	Arkansas
Workers Compensation and Employers' Liability		Deductible Credits

Total Small Dollar Deductible Credits  
(as percentage of Premium)

Applicable to Total Losses per Claim

Credit Amount	Hazard Group						
	A	B	C	D	E	F	G
\$ 1000 deductible	6.9%	5.6%	4.8%	4.0%	3.3%	2.3%	1.7%
\$ 1500 deductible	8.5%	6.8%	5.8%	4.9%	4.2%	2.9%	2.2%
\$ 2000 deductible	9.7%	7.9%	6.7%	5.7%	4.9%	3.5%	2.6%
\$ 2500 deductible	10.7%	8.7%	7.5%	6.5%	5.5%	4.0%	3.0%
\$ 3000 deductible	11.6%	9.5%	8.2%	7.1%	6.0%	4.4%	3.3%
\$ 3500 deductible	12.5%	10.2%	8.9%	7.6%	6.5%	4.8%	3.6%
\$ 4000 deductible	13.3%	10.8%	9.5%	8.2%	7.0%	5.2%	4.0%
\$ 4500 deductible	14.0%	11.5%	10.0%	8.7%	7.5%	5.6%	4.2%
\$ 5000 deductible	14.6%	12.1%	10.6%	9.2%	7.9%	5.9%	4.5%

Total Small Dollar Deductible Credits  
(as percentage of Premium)

Applicable to Medical Losses per Claim

Credit Amount	Hazard Group						
	A	B	C	D	E	F	G
\$ 1000 deductible	6.7%	5.4%	4.6%	3.8%	3.2%	2.2%	1.6%
\$ 1500 deductible	8.1%	6.5%	5.6%	4.7%	4.0%	2.7%	2.0%
\$ 2000 deductible	9.1%	7.4%	6.4%	5.3%	4.5%	3.2%	2.4%
\$ 2500 deductible	10.0%	8.1%	7.0%	5.9%	5.0%	3.6%	2.7%
\$ 3000 deductible	10.7%	8.8%	7.6%	6.5%	5.5%	3.9%	2.9%
\$ 3500 deductible	11.4%	9.4%	8.1%	6.9%	5.9%	4.2%	3.2%
\$ 4000 deductible	12.0%	9.8%	8.5%	7.3%	6.3%	4.5%	3.4%
\$ 4500 deductible	12.6%	10.3%	9.0%	7.7%	6.6%	4.8%	3.6%
\$ 5000 deductible	13.0%	10.7%	9.4%	8.1%	6.9%	5.1%	3.8%

Total Small Dollar Deductible Credits  
(as percentage of Premium)

Applicable to Indemnity Losses per Claim

Credit Amount	Hazard Group						
	A	B	C	D	E	F	G
\$ 1000 deductible	1.4%	1.1%	1.0%	1.0%	0.9%	0.7%	0.5%
\$ 1500 deductible	2.0%	1.5%	1.4%	1.3%	1.2%	1.0%	0.7%
\$ 2000 deductible	2.5%	2.0%	1.8%	1.7%	1.5%	1.2%	1.0%
\$ 2500 deductible	2.9%	2.4%	2.1%	2.0%	1.8%	1.5%	1.1%
\$ 3000 deductible	3.3%	2.7%	2.5%	2.3%	2.0%	1.7%	1.3%
\$ 3500 deductible	3.7%	3.0%	2.8%	2.6%	2.3%	1.9%	1.4%
\$ 4000 deductible	4.0%	3.3%	3.0%	2.8%	2.5%	2.1%	1.6%
\$ 4500 deductible	4.3%	3.6%	3.3%	3.0%	2.7%	2.3%	1.8%
\$ 5000 deductible	4.6%	3.8%	3.5%	3.3%	2.9%	2.5%	1.9%

<b>Formula for Credit:</b>	$1.00 - \frac{(1-kf)E + a + n}{E + a + n} = \frac{fE}{E + a + n} * k$
Where:	
k = LER	a = LAE provision = 0.193*E = 0.102
f = Safety Factor = 0.70	n = fixed expense = 0.062
E = Retro ELR = 0.530	



## Retrospective Rating Values

Classes Other than USL&HW  
Applicable to Policies Other than Assigned Risk  
**Arkansas**  
Effective July 1, 2008

Employers Insurance Company of Wausau (EICOW)  
Wausau Underwriters Insurance Company (WUIC)  
Wausau Business Insurance Company (WBIC)

### Hazard Group Differentials

A	B	C	D	E	F	G
1.890	1.420	1.260	1.130	0.980	0.790	0.590

### 2008 Table of Expected Loss Ranges

January 1, 2008

Expected  
Loss Ratio  
0.530

Expected Loss and  
Allocated Expense Ratio  
0.591

### Tax Multipliers\*

- a. State (non-F classes) 1.068
- b. Federal classes, or non-F classes where rate is increased by the USL&HW Act Percentage. 1.142

\* Includes Residual Market Subsidy Provision of 0.6%.

### Excess Loss Factors

(Applicable to New and Renewal Policies)

Per Accident	HAZARD GROUPS						
Limitation	A	B	C	D	E	F	G
25,000	0.245	0.281	0.304	0.324	0.348	0.381	0.413
30,000	0.227	0.263	0.286	0.306	0.331	0.366	0.400
35,000	0.211	0.247	0.270	0.291	0.316	0.353	0.388
40,000	0.198	0.232	0.256	0.277	0.303	0.340	0.378
50,000	0.175	0.209	0.232	0.253	0.280	0.318	0.359
75,000	0.139	0.169	0.191	0.211	0.238	0.278	0.322
100,000	0.117	0.143	0.165	0.183	0.209	0.248	0.295
125,000	0.102	0.124	0.146	0.162	0.188	0.226	0.273
150,000	0.090	0.111	0.131	0.147	0.172	0.208	0.257
175,000	0.082	0.100	0.120	0.135	0.158	0.193	0.242
200,000	0.075	0.092	0.111	0.125	0.147	0.181	0.229
250,000	0.065	0.080	0.097	0.110	0.129	0.162	0.209
300,000	0.058	0.071	0.087	0.099	0.116	0.147	0.193
350,000	0.052	0.064	0.079	0.090	0.107	0.135	0.180
400,000	0.048	0.059	0.073	0.082	0.099	0.125	0.170
450,000	0.044	0.054	0.068	0.077	0.092	0.117	0.160
500,000	0.042	0.051	0.064	0.072	0.086	0.110	0.153
600,000	0.037	0.045	0.058	0.064	0.077	0.100	0.140
700,000	0.033	0.041	0.052	0.059	0.070	0.091	0.129
800,000	0.032	0.038	0.049	0.055	0.066	0.085	0.121
900,000	0.029	0.035	0.046	0.051	0.061	0.079	0.115
1,000,000	0.027	0.033	0.043	0.048	0.057	0.074	0.108
2,000,000	0.016	0.021	0.027	0.031	0.037	0.049	0.074
5,000,000	0.007	0.009	0.013	0.015	0.018	0.025	0.040
7,000,000	0.005	0.006	0.009	0.010	0.012	0.018	0.030
10,000,000	0.004	0.004	0.006	0.007	0.009	0.012	0.021

### Excess Loss and Allocated Expense Factors

(Applicable to New and Renewal Policies)

Per Accident	HAZARD GROUPS						
Limitation	A	B	C	D	E	F	G
25,000	0.293	0.333	0.357	0.378	0.404	0.439	0.468
30,000	0.273	0.312	0.338	0.360	0.387	0.424	0.455
35,000	0.255	0.295	0.321	0.343	0.371	0.409	0.444
40,000	0.240	0.279	0.306	0.328	0.357	0.397	0.433
50,000	0.216	0.253	0.280	0.303	0.333	0.373	0.414
75,000	0.174	0.207	0.233	0.256	0.286	0.329	0.376
100,000	0.147	0.177	0.202	0.224	0.253	0.297	0.347
125,000	0.128	0.155	0.180	0.200	0.229	0.271	0.323
150,000	0.115	0.140	0.163	0.182	0.210	0.251	0.304
175,000	0.104	0.126	0.150	0.167	0.194	0.234	0.288
200,000	0.095	0.116	0.138	0.155	0.180	0.220	0.273
250,000	0.083	0.101	0.121	0.136	0.160	0.197	0.251
300,000	0.074	0.089	0.109	0.123	0.144	0.180	0.232
350,000	0.066	0.081	0.099	0.111	0.132	0.165	0.217
400,000	0.060	0.074	0.092	0.103	0.122	0.153	0.204
450,000	0.056	0.069	0.085	0.096	0.114	0.144	0.194
500,000	0.052	0.064	0.080	0.090	0.107	0.136	0.184
600,000	0.047	0.057	0.072	0.080	0.096	0.123	0.169
700,000	0.042	0.052	0.065	0.073	0.087	0.112	0.157
800,000	0.040	0.048	0.061	0.068	0.081	0.104	0.147
900,000	0.036	0.045	0.057	0.063	0.075	0.097	0.139
1,000,000	0.035	0.042	0.053	0.060	0.071	0.092	0.131
2,000,000	0.021	0.026	0.035	0.039	0.047	0.060	0.090
5,000,000	0.009	0.012	0.016	0.019	0.023	0.032	0.050
7,000,000	0.006	0.008	0.011	0.013	0.016	0.023	0.038
10,000,000	0.004	0.006	0.008	0.009	0.011	0.016	0.027

### Retrospective Premium Development Factors

With Loss Limit		
1st	2nd	3rd
Adj.	Adj.	Adj.
0.04	0.04	0.03

Without Loss Limit			4th &
1st	2nd	3rd	Subs.
Adj.	Adj.	Adj.	Adj.
0.08	0.08	0.06	0.00

With Loss Limit		
1st	2nd	3rd
Adj.	Adj.	Adj.
0.04	0.04	0.03

Without Loss Limit			4th &
1st	2nd	3rd	Subs.
Adj.	Adj.	Adj.	Adj.
0.09	0.09	0.07	0.00

# Retrospective Rating Values

for USL&HW Classes Only

Arkansas

Effective July 1, 2008

Employers Insurance Company of Wausau (EICOW)

Wausau Underwriters Insurance Company (WUIC)

Wausau Business Insurance Company (WBIC)

Expected <u>Loss Ratio</u>	Expected Loss and <u>Allocated Expense Ratio</u>
0.53	0.591

<u>Tax Multipliers</u>	
State	1.068
Federal	1.142

## Excess Loss Factors

(Applicable to New and Renewal Policies)

Per Accident <u>Limitation</u>	<u>C&amp;D</u> II	<u>E&amp;F</u> III	<u>G</u> IV
25,000	0.333	0.394	0.422
30,000	0.317	0.379	0.412
35,000	0.303	0.366	0.400
40,000	0.292	0.355	0.390
50,000	0.272	0.334	0.373
75,000	0.233	0.296	0.332
100,000	0.207	0.264	0.303
125,000	0.186	0.241	0.277
150,000	0.170	0.222	0.258
175,000	0.156	0.205	0.239
200,000	0.145	0.191	0.225
250,000	0.128	0.170	0.200
300,000	0.116	0.153	0.182
500,000	0.085	0.113	0.136
1,000,000	0.056	0.074	0.087
2,000,000	0.037	0.048	0.055
5,000,000	0.022	0.028	0.032

## Excess Loss and Allocated Expense Factors

(Applicable to New and Renewal Policies)

Per Accident <u>Limitation</u>	<u>C&amp;D</u> II	<u>E&amp;F</u> III	<u>G</u> IV
25,000	0.395	0.454	0.487
30,000	0.378	0.438	0.473
35,000	0.367	0.428	0.463
40,000	0.354	0.416	0.451
50,000	0.331	0.397	0.433
75,000	0.295	0.357	0.395
100,000	0.264	0.325	0.361
125,000	0.240	0.298	0.336
150,000	0.220	0.273	0.311
175,000	0.204	0.255	0.292
200,000	0.191	0.239	0.276
250,000	0.169	0.213	0.247
300,000	0.152	0.193	0.225
500,000	0.113	0.144	0.169
1,000,000	0.075	0.093	0.110
2,000,000	0.049	0.061	0.069
5,000,000	0.029	0.035	0.040

SERFF Tracking Number:	WAUS-125652783	State:	Arkansas
First Filing Company:	Employers Insurance Company of Wausau, ...	State Tracking Number:	EFT \$100
Company Tracking Number:	WCR-AR-033-08		
TOI:	16.0 Workers Compensation	Sub-TOI:	16.0004 Standard WC
Product Name:	Workers Compensation		
Project Name/Number:	7-1-2008 WC Rates/WCR-AR-033-08		

## Supporting Document Schedules

<b>Bypassed -Name:</b>	Uniform Transmittal Document-Property & Casualty	<b>Review Status:</b>	Approved	05/20/2008
<b>Bypass Reason:</b>	Completed Rate Data information			
<b>Comments:</b>				

<b>Satisfied -Name:</b>	NAIC Loss Cost Filing Document for Workers' Compensation	<b>Review Status:</b>	Approved	05/20/2008
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### Comments:

### Attachments:

7-1-2008 AR WC\_Filing\_Workbook.pdf  
F969AR\_EICOW.pdf  
F969AR\_WUIC.pdf  
F969AR\_WBIC.pdf  
F909AR\_EICOW.pdf  
F909AR\_WUIC.pdf  
F909AR\_WBIC.pdf  
F971AR\_EICOW.pdf  
F971AR\_WUIC.pdf  
F971AR\_WBIC.pdf

<b>Satisfied -Name:</b>	NAIC loss cost data entry document	<b>Review Status:</b>	Approved	05/20/2008
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### Comments:

### Attachment:

7-1-2008 F319AR\_051205\_WAU.pdf

**Actuarial Memorandum  
Arkansas Workers Compensation  
Proposed Effective Date: July 1, 2008**

Wausau Insurance Companies respectfully submits the following actuarial justification for the revision of its Workers Compensation rates in the state of Arkansas. This memorandum along with the attached exhibits constitutes a filing of rates and rating values applicable to the manually rated business written by the companies named below.

The rates in Wausau Underwriters Insurance Company are our base rates and will be calculated as the NCCI's July 1, 2008 loss costs multiplied by the loss cost multiplier (LCM) of 1.080. Loss cost multipliers for the other companies are based on our tiered pricing philosophy currently in effect. Specifically, we are requesting the rate multipliers and premium changes detailed in the table below.

<b>Company Name</b>	<b>Projected Prem Dist.</b>	<b>Current LCM</b>	<b>Proposed LCM</b>	<b>% Change in LCM</b>	<b>Modified Loss Cost Change</b>	<b>Overall Rate Change</b>
Employers Insurance Company of Wausau	46.8%	1.500	1.620	8.0%	-12.8%	-5.8%
Wausau Underwriters Insurance Company	36.1%	1.100	1.080	-1.8%	-12.8%	-14.4%
Wausau Business Insurance Company	17.1%	0.800	0.700	-12.5%	-12.8%	-23.7%
Wausau Insurance Companies	100.0%	1.236	1.268	2.6%	-12.8%	-10.6%

Minimum premium for all companies will be \$195 times the company rate plus the expense constant of \$200, subject to a maximum minimum premium of \$950 for all classes except for the per capita classes. For per capita classes, the minimum premium will be the company rate plus the expense constant of \$200.

**Table of Contents**

**Exhibit 1** Calculation of the selected rate multipliers. There is an exhibit for each company named above.

The following exhibits are identical for all companies.

**Exhibit 2** Details of the expense ratios for Wausau Insurance Companies. The expense ratios employed in this justification are for all companies combined.

**Exhibit 3** Calculation of the premium discount expense ratio.

**Exhibit 4** Historical Workers Compensation loss ratios and the indicated rate change.

**Exhibit 5** These exhibits contain the Discounted Cash Flow model for Wausau Insurance Companies. They contain the calculation of the profit & contingencies allowance including investment income offset.

**Exhibit 6** Calculation of the Residual Market Load.

**Exhibit 7** Calculation of the Retro ELR, ELAR, state tax multiplier, and federal tax multiplier.

Thank you in advance for your timely consideration of this filing.

**Employers Insurance Company of Wausau (EICOW)**  
**Workers Compensation**  
**Arkansas**  
**Calculation of Loss Cost Multiplier**

**1. Line, Subline, Coverage, Class, etc combination to which this page applies: Workers Compensation**

**2. Loss Cost Modification** 1.1098

A. Loss Adjustment Expense Factor (if not in Loss Costs) =	1.0000
B. Loss Based Assessments Factor (that are not in Loss Costs) =	1.0000
C. Loss Experience Adjustment Factor (See Exhibit 4) =	0.7399
D. Company Deviation Factor =	1.5000

**3. Development of Expected Loss Ratio**

	<u>Overall</u>	<u>Variable</u>	<u>Fixed</u>
A. Total Production Expense (See Exhibit 2)	10.6%	10.6%	0.0%
B. General Expense (See Exhibit 2)	6.2%	4.6%	1.5%
Cost of Reinsurance (See Exhibit 2.1)	0.2%	0.2%	0.0%
Accounts Charged Off Expense (See Exhibit 2.1)	0.4%	0.4%	0.0%
C. Taxes, Licenses and Fees (See NCCI Tax & Assessment Directory)	5.8%	5.8%	0.0%
D. Underwriting Profit and Contingencies (See Exhibit 5) (Includes Inv. Income)	1.3%	1.3%	0.0%
E. Residual Market Burden (See Exhibit 6)	0.6%	0.6%	0.0%
F. Premium Discounts (See Exhibit 3)	8.0%	8.0%	0.0%
G. Other	0.0%	0.0%	0.0%
H. TOTAL	<b>33.0%</b>	<b>31.5%</b>	<b>1.5%</b>

**4. A. Expected Loss Ratio ELR = 100% - Overall 3H =**

67.0%

**B. Expected Loss Ratio expressed in decimal form =**

0.670

**C. Variable Expected Loss Ratio VELR = 100% - Variable 3H =**

68.5%

**D. VELR in decimal form =**

0.685

**5. Formula Expense Constant = [(1.00/4B)-(1.00/4D)] x Avg Underlying Loss Cost =**  
**Formula Variable Loss Cost Multiplier (2/4D) =**

\$200  
1.620

**6. Selected Expense Constant =**  
**Selected Variable Loss Cost Multiplier =**

\$200  
1.620

**7. Proposed Change in Loss Cost Multiplier From Current Level =**

8.0%

**8. Change in Pure Premiums =**

-12.8%

**9. Proposed Change in Rates from Current Level =**

-5.8%

**Wausau Underwriters Insurance Company (WUIC)**  
**Workers Compensation**  
**Arkansas**  
**Calculation of Loss Cost Multiplier**

**1. Line, Subline, Coverage, Class, etc combination to which this page applies: Workers Compensation**

<b>2. Loss Cost Modification</b>	0.7399		
A. Loss Adjustment Expense Factor (if not in Loss Costs) =	1.0000		
B. Loss Based Assessments Factor (that are not in Loss Costs) =	1.0000		
C. Loss Experience Adjustment Factor (See Exhibit 4) =	0.7399		
D. Company Deviation Factor =	1.0000		
<b>3. Development of Expected Loss Ratio</b>	<b>Overall</b>	<b>Variable</b>	<b>Fixed</b>
A. Total Production Expense (See Exhibit 2)	10.6%	10.6%	0.0%
B. General Expense (See Exhibit 2)	6.2%	4.6%	1.5%
Cost of Reinsurance (See Exhibit 2.1)	0.2%	0.2%	0.0%
Accounts Charged Off Expense (See Exhibit 2.1)	0.4%	0.4%	0.0%
C. Taxes, Licenses and Fees (See NCCI Tax & Assessment Directory)	5.8%	5.8%	0.0%
D. Underwriting Profit and Contingencies (See Exhibit 5) (Includes Inv. Income)	1.3%	1.3%	0.0%
E. Residual Market Burden (See Exhibit 6)	0.6%	0.6%	0.0%
F. Premium Discounts (See Exhibit 3)	8.0%	8.0%	0.0%
G. Other	0.0%	0.0%	0.0%
H. TOTAL	<b>33.0%</b>	<b>31.5%</b>	<b>1.5%</b>
<b>4. A. Expected Loss Ratio ELR = 100% - Overall 3H =</b>	67.0%		
<b>B. Expected Loss Ratio expressed in decimal form =</b>	0.670		
<b>C. Variable Expected Loss Ratio VELR = 100% - Variable 3H =</b>		68.5%	
<b>D. VELR in decimal form =</b>		0.685	
<b>5. Formula Expense Constant = [(1.00/4B)-(1.00/4D)] x Avg Underlying Loss Cost =</b>	\$200		
<b>Formula Variable Loss Cost Multiplier (2/4D) =</b>	1.080		
<b>6. Selected Expense Constant =</b>	\$200		
<b>Selected Variable Loss Cost Multiplier =</b>	1.080		
<b>7. Proposed Change in Loss Cost Multiplier From Current Level =</b>	-1.8%		
<b>8. Change in Pure Premiums =</b>	-12.8%		
<b>9. Proposed Change in Rates from Current Level =</b>	-14.4%		

**Wausau Business Insurance Company (WBIC)**  
**Workers Compensation**  
**Arkansas**  
**Calculation of Loss Cost Multiplier**

**1. Line, Subline, Coverage, Class, etc combination to which this page applies: Workers Compensation**

**2. Loss Cost Modification** 0.4795

A. Loss Adjustment Expense Factor (if not in Loss Costs) =	1.0000
B. Loss Based Assessments Factor (that are not in Loss Costs) =	1.0000
C. Loss Experience Adjustment Factor (See Exhibit 4) =	0.7399
D. Company Deviation Factor =	0.6481

**3. Development of Expected Loss Ratio**

	<b><u>Overall</u></b>	<b><u>Variable</u></b>	<b><u>Fixed</u></b>
A. Total Production Expense (See Exhibit 2)	10.6%	10.6%	0.0%
B. General Expense (See Exhibit 2)	6.2%	4.6%	1.5%
Cost of Reinsurance (See Exhibit 2.1)	0.2%	0.2%	0.0%
Accounts Charged Off Expense (See Exhibit 2.1)	0.4%	0.4%	0.0%
C. Taxes, Licenses and Fees (See NCCI Tax & Assessment Directory)	5.8%	5.8%	0.0%
D. Underwriting Profit and Contingencies (See Exhibit 5) (Includes Inv. Income)	1.3%	1.3%	0.0%
E. Residual Market Burden (See Exhibit 6)	0.6%	0.6%	0.0%
F. Premium Discounts (See Exhibit 3)	8.0%	8.0%	0.0%
G. Other	0.0%	0.0%	0.0%
H. TOTAL	<b>33.0%</b>	<b>31.5%</b>	<b>1.5%</b>

**4. A. Expected Loss Ratio ELR = 100% - Overall 3H =**

67.0%

**B. Expected Loss Ratio expressed in decimal form =**

0.670

**C. Variable Expected Loss Ratio VELR = 100% - Variable 3H =**

68.5%

**D. VELR in decimal form =**

0.685

**5. Formula Expense Constant = [(1.00/4B)-(1.00/4D)] x Avg Underlying Loss Cost =**  
**Formula Variable Loss Cost Multiplier (2/4D) =**

\$200  
0.700

**6. Selected Expense Constant =**  
**Selected Variable Loss Cost Multiplier =**

\$200  
0.700

**7. Proposed Change in Loss Cost Multiplier From Current Level =**

-12.5%

**8. Change in Pure Premiums =**

-12.8%

**9. Proposed Change in Rates from Current Level =**

-23.7%

**Wausau Insurance Companies**  
**Page 15 Expense Report: By Company, State, Year**  
**Workers Compensation**  
**Arkansas**

**Calendar Year Expenses/Premium**

	Wausau Insurance Companies (Group Total)							Adjusted to Std Prem Level
	2002	2003	2004	2005	2006	Five Year Total	Five Year Avg. Ratio	
1. Direct Premiums Earned	6,867,572	7,233,690	8,214,292	7,826,082	7,340,252	37,481,888		
2. Acquisition Expense	948,659	1,004,682	825,870	835,910	703,107	4,318,228	11.5%	10.6%
a. Commission	506,395	560,809	406,275	413,567	357,619	2,244,665	6.0%	5.5%
b. Other Acquisition	442,264	443,873	419,595	422,343	345,488	2,073,563	5.5%	5.1%
3. General Expense	456,475	461,424	579,814	552,697	465,261	2,515,672	6.7%	6.2%



**Wausau Insurance Companies  
Calendar Year Expenses/Premium  
Workers Compensation  
Arkansas**

**I. Selected Reinsurance Cost = 0.2 % of Standard Premium.**

**Net Cost of Reinsurance**

	<u>Total</u>	<u>5M xs 5M</u>	<u>Cat Treaties</u>	
		(000)	(000)	
A.	916,000	916,000	916,000	Subject Premium
B. = 1/(1.0 - Prem Disct)	1.087	1.087	1.087	Adjustment to Std (Reflects Prem Disct)
C. = A x B	995,340	995,340	995,340	Subject Premium Adj to Standard Level
D.	9,762	4,488	5,274	Ceded Premium
E.	4,681	4,681	-	Nominal Expected Ceded Losses
F.	1,857	1,857	-	Discounted Expected Ceded Losses
G. = F - D	7,905	2,631	5,274	Net Cost of Reinsurance
H. = G / C	0.8%	0.3%	0.5%	Net Cost of Reinsurance / Standard Premium
I.	0.6%			CW Impact of NCCI Item B-1393 (Premium for Domestic Terrorism, EQ, Industrial Accidents)
J. = H - I	0.2%			

**II. Selected Premium Balances Charged Off Cost = 0.4% of Standard Premium.**

**Cost of Premium Balances Charged Off**

	<u>CY</u>	<u>CY DEP</u>	<u>Premium</u> <u>Charged Off*</u>	<u>Pct</u>
		(000)	(000)	
	2004	1,242,719	8,035	0.6%
	2005	1,267,852	6,196	0.5%
	2006	1,344,277	2,734	0.2%
A.	Total	3,854,848	16,965	0.4%
B. = 1/(1.0 - Prem Disct)			1.087	Adj to Std (Reflects Prem Disct)
C. = A / B			0.4%	

\* From Annual Statement Statement of Income

**Wausau Insurance Companies**  
**Premium Discount Calculation**  
**Based on Distribution of Countrywide Premium**

**Non-Stock Premium Discount**

Policy Size Standard Premium	Total Standard Premium	Number of Accounts	Standard Premium In Layer	Premium Discount %	Premium Discount
0 - 10,000	\$3,923,130	861	\$48,293,130	0.0%	\$0
10,001 - 200,000	\$210,860,378	2,887	\$476,490,378	5.1%	\$24,301,009
200,001 - 1,750,000	\$713,335,529	1,499	\$492,585,529	6.5%	\$32,018,059
Over 1,750,000	\$187,888,498	51	\$98,638,498	7.5%	\$7,397,887
<b>Total</b>	<b>\$1,116,007,535</b>	<b>5,298</b>	<b>\$1,116,007,535</b>		<b>\$63,716,956</b>

**Non-Stock Premium Discount = 5.7%**

**Stock Premium Discount**

Policy Size Standard Premium	Total Standard Premium	Number of Accounts	Standard Premium In Layer	Premium Discount %	Premium Discount
0 - 10,000	\$3,923,130	861	\$48,293,130	0.0%	\$0
10,001 - 200,000	\$210,860,378	2,887	\$476,490,378	9.1%	\$43,360,624
200,001 - 1,750,000	\$713,335,529	1,499	\$492,585,529	11.3%	\$55,662,165
Over 1,750,000	\$187,888,498	51	\$98,638,498	12.3%	\$12,132,535
<b>Total</b>	<b>\$1,116,007,535</b>	<b>5,298</b>	<b>\$1,116,007,535</b>		<b>\$111,155,324</b>

**Stock Premium Discount = 10.0%**

**Projected Discount Factor = 8.0%**

46.8% x Non-Stock + 53.2% x Stock

**Offset for Expense Constant Income = 1.001**

**Wausau Insurance Companies**  
**Arkansas Workers Compensation Experience - Excl. Large Dollar Deductible Smoother**  
**Data as of 12/31/2007**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Accident Year	Standard Premiums	Premium On-level Factor	On-level Standard Premiums *	Developed Ultimate Losses	Developed Ultimate Loss Ratio	On-level Developed Ultimate Losses	On-level Ultimate Loss Ratio	Loss Ratio Trend	Trended On-level Loss Ratio
			(2) x (3)		(5) / (2)		(7) / (4)		(8) x (9)

**Wausau Insurance Companies (Group Total)**

2000	5,705,965	0.707	4,033,031	2,209,647	38.7%	2,501,539	62.0%	1.000	62.0%
2001	5,035,563	0.769	3,873,818	1,989,936	39.5%	2,193,464	56.6%	1.000	56.6%
2002	6,105,544	0.847	5,170,326	1,716,225	28.1%	1,926,384	37.3%	1.000	37.3%
2003	7,044,540	0.757	5,334,788	2,243,091	31.8%	2,455,392	46.0%	1.000	46.0%
2004	8,753,353	0.683	5,978,540	2,467,313	28.2%	2,684,582	44.9%	1.000	44.9%
2005	8,706,212	0.682	5,934,829	2,326,553	26.7%	2,532,613	42.7%	1.000	42.7%
2006	7,460,837	0.758	5,655,991	2,277,812	30.5%	2,482,256	43.9%	1.000	43.9%
5 Yr Total	38,070,486	0.737	28,074,475	11,030,994	29.0%	12,081,227	43.0%		43.0%

\* Premiums are brought to the current deviated company rate level.

A=Col 10	Trended OnLevel LR	43.0%
B	LAE/Loss	19.3%
C	Loss Based Assmts	0.0%
D=A*(1+B+C)	Loss, LAE & LBA Ratic	51.3%
E	ELR (Exhibit 1)	67.0%
E2=E*Trend^1.5	Trended ELR	67.0%
E3	Company Credibility	44.7%
E4=E3*D+(1-E3)*E2	Cred Wtd Loss, LAE & LBA	60.0%
F=E4/E-1	Experience Indicated Chg	-10.4%
G	New Benefit Chg (1/1/2008)	-0.2%
H=(1+F)*(1+G)-1	Total Indicated Rate Change	-10.6%

**Wausau Insurance Companies  
Workers Compensation  
Arkansas  
Investment Income Adjustment**

1. Target Post-tax Rate of Return	0.125	
2. Interest Rate	0.050	
3. Federal Income Tax Rate on cash flow	0.350	
4. Investment Income on Initial Surplus	0.031	$[(2) \times (1.0 - (3))] / [1.0 + (2)]$
5. Return on Operations	0.094	(1) - (4)
6. Premium to Surplus Ratio	2.250	
7. Post-tax Return on Operations (ratio to premium)	0.042	(5) / (6)
8. Federal Income Tax on Underwriting and Cash Flow	0.035	(29), see below
9. Target Pre-tax Earnings Rate	0.077	(7) + (8)

	<u>nominal value</u>	<u>discount factor</u>	<u>discounted value</u>
10. Premium	1.000	0.981	0.981
11. Total Production Expense	0.106	0.984	0.104
12. General Expense	0.062	0.984	0.061
12.1. Cost of Reinsurance	0.002	0.984	0.002
12.2. Accounts Charged Off	0.004	0.984	0.004
13. Taxes, Licenses and Fees	0.058	0.981	0.057
14. Premium Discount	0.080	0.981	0.078
14.1. Other	0.000	0.981	0.000
15. Loss + LAE	<u>0.675</u>	<u>0.886</u>	<u>0.598</u>
16. Loss + Expense	0.987	0.916	0.904
17. Underwriting Results	0.013	0.935	0.077
Inv. Inc. on UW Cash Flow.	0.064		(17 disctd) - (17 nominal)

**Profit & Contingencies Allowance = 1.3%**

Calculation of Federal Income Tax (FIT) on Underwriting and Cash Flow (8)

18. Average Nominal Loss + Expense	0.987	
19. Average Discount Factor used for FIT	0.959	
20. Loss + Expense Discounted for FIT	0.946	(18) x (19)
21. Present Value of Underwriting Results for FIT	0.035	(10) - (20)
22. Tax Rate on Underwriting Results on Profit & Invest.	0.350	
23. FIT on Underwriting Results	0.012	(21) x (22)
24. Nominal Investment Income on Cash Flow	0.069	((17), disc. / (25)) - (17), nominal
25. Average Discount Factor for Underwriting	0.935	(17)
26. Discounted Cash Flow	0.065	(24) x (25)
27. Tax Rate on Cash Flow	0.350	
28. FIT on Cash Flow	0.023	(26) x (27)
29. Total Federal Income Tax	0.035	(23) + (28)

**Wausau Insurance Companies**  
**Workers Compensation**  
**Arkansas**  
**Explanation of Calculation of Allowance for Profit and Contingencies**

The following is a line-by-line description of the calculation of the 1.3% Profit & Contingencies Allowance. Note that a maximum of 5.0% is used in the loss cost multipliers.

- (1) The target post-tax rate of return (ratio to surplus) of 0.125 is a selected number. We feel this rate of return is appropriate for Workers Compensation.
- (2) Interest rate = 5.00%
- (3) Federal Income Tax (FIT) Rate on cash flow = 0.350  
NOTE: Federal Income Tax (FIT) Rate on underwriting results = 0.350
- (4) Given the above interest rate and FIT, on a present value basis, we expect 0.031 of the investment income (ratio to surplus) to be generated.
- (5) (1) minus (4) results in the target return of 0.094 on the insurance operation (ratio to surplus) which is needed to generate a total return of 0.125.
- (6) We believe a 2.250 premium to surplus ratio is appropriate for Workers Compensation.
- (7)  $0.042 = (5) / (6)$  is the post-tax return on operations (ratio to premium).
- (8) Lines 18 through 29 show the impact of FIT on the cash flow and underwriting results that generate a 0.125 post-tax return.  
 $0.035 = 0.012$  (FIT on U/W results) +  $0.023$  (FIT on cash flow)
- (9)  $(7) + (8)$ , 0.077 is the target pre-tax return on operations (ratio to premium). Note that (9) ties to the discounted value of (17), (premium - loss - expense).

We wish to solve the following problem:

- |        |  |
|--------|--|
| Given: | a. Discounted value of Underwriting Results = 0.077<br>b. Discount factors<br>c. Expense items                         |
| Find:  | a. The discounted loss + LAE that generates a return of 0.077<br>b. The undiscounted value of the Underwriting Result. |

- (10) 0.981 is the premium discount factor based on Wausau Insurance Companies collection patterns.
- (11)-(14) 0.984 is the expense discount factor, 0.981 is the taxes, licenses and fees discount factor, and 0.981 is the Other discount factor.
- (15) Discounted loss + LAE = (disc. premium) - (disc. expense) - (target U/W result)  
 $0.598 = 0.981 - 0.104 - 0.061 - 0.057 - 0.078 - 0.077$   
  
Undiscounted loss + LAE = (disc. loss + LAE) / (loss + LAE disc. factor)  
 $0.675 = 0.598 / 0.886$   
  
(The loss + LAE discount factor is based on Wausau Insurance Companies payout patterns and assumes a 5.00% interest rate.)
- (17) (undisc. underwriting results) = (undisc. premium) - (undisc. loss + expense)  
 $0.013 = 1.000 - 0.987$   
This is the U/W gain (loss) that will result in the post-tax return-on-surplus of 0.125.

**Wausau Insurance Companies**  
**Residual Market Load**  
**Arkansas**

	Actual			On-level Factors		Untrended On-level			Trended On-level	
Policy Year	Earned Premium	Incurred Losses	Loss Ratio	Earned Premium	Incurred Losses	Earned Premium	Incurred Losses	Untrended On-Level Loss Ratio	Trend Factor*	Trended On-Level Loss Ratio
2004	27,130	10,120	0.373	0.923	1.006	25,044	10,179	0.406	1.160	0.471
2005	25,208	13,209	0.524	0.911	1.002	22,976	13,229	0.576	1.131	0.651
2006	24,408	19,160	0.785	0.931	0.998	22,713	19,129	0.842	1.104	0.929
Total	76,746	42,489	0.554			70,732	42,537	0.601		0.677

(1) Selected Trended On-Level Pool Loss Ratio at Pool Rates 0.748

(2) Residual Market Expenses 0.390

(3) Underwriting Ratio for Residual Market 1.138

(4) Ratio of Pool to Voluntary 0.081

(5) Nominal Residual Market Burden = { (3) - 1.000 } \* (4) 0.011

(6) Loss Discount Factor 0.894

(7) Indicated Discounted Residual Market Burden 0.006

(8) Selected Discounted Residual Market Burden 0.006

\* Annualized trend of 2.5% through January 1, 2007 and 4.0% afterwards.

\*\* Trended On-Level Loss Ratio = Untrended On-Level Loss Ratio x Trend Factor.

**Wausau Insurance Companies  
State and Federal Tax Multipliers  
Workers Compensation  
Arkansas**

**Calculation of State Tax Multiplier Effective 7/1/2008**

A. Total Overhead and Service (TOS)		
	Production Expense	10.6%
	General Expense	6.2%
	Cost of Reinsurance	0.2%
	Accounts Charged Off Expense	0.4%
	Taxes, Licenses and Fees (TAX)	5.8%
	Profit and Contingencies	5.0%
	Residual Market Burden (RML)	0.6%
	Premium Discount Expense	8.0%
	Other Expense	0.0%
	<b>Total</b>	<b>36.7%</b>
B. Target Cost Ratio (TCR)		63.3%
TCR = 1-TOS		
C. Loss Adjustment Expense Factor (LAE)		1.1930
D. State Loss Based Assessments (ASMT)		1.0000
E1. Expected Loss Ratio (ELR)		53.0%
ELR = TCR / (LAE + ASMT - 1)		
E2. Expected Loss & ALAE Ratio (ELAR)		59.1%
ELAR = ELR * (1+ ALAE)		
F. State Tax Multiplier (TM)		1.068
$TM = \frac{0.2 + ELR * ASMT}{0.2 + ELR} \times \frac{1}{1 - TAX - RML}$		

**Calculation of Federal Tax Multiplier Effective 7/1/2008**

G. Federal Assessment Assessment		1.138
H. State Weight		0.289
I. Federal Weight		0.711
J. Weighted Federal Assessment (FASMT)		1.098
FASMT = [(H) x (D)] + [(I) x (G)]		
K. Federal Expected Loss Ratio (FELR)		0.483
FELR = (E1) x (J) / (C)		
L. Federal Tax Multiplier (FTM)		1.142
$FTM = \frac{0.2 + FELR * FASMT}{0.2 + FELR} \times \frac{1}{1 - TAX - RML}$		

Date: 5/19/08

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Department Use

**WORKERS' COMPENSATION  
LOSS COST FILING DOCUMENT COVER FORM**

INSURER RATE FILING  
ADOPTION OF ADVISORY ORGANIZATION  
PROSPECTIVE LOSS COSTS

1. INSURER NAME Employers Insurance Company of Wausau

ADDRESS PO BOX 8017  
WAUSAU WI 54402-8017  
\_\_\_\_\_  
\_\_\_\_\_

2. PERSON RESPONSIBLE FOR FILING Judy Weber

TITLE State Filings Analyst TELEPHONE # 877-792-8728 Ext 6032

3. INSURER NAIC # 21458

4. ADVISORY ORGANIZATION National Council on Compensation

5A. PROPOSED RATE LEVEL CHANGE -5.8 % EFFECTIVE DATE 7/1/2008

5B. PROPOSED PREMIUM LEVEL CHANGE\* -5.8 % EFFECTIVE DATE 7/1/2008

6A. PRIOR RATE LEVEL CHANGE -3.7 % EFFECTIVE DATE 1/1/2008

6B. PRIOR PREMIUM LEVEL CHANGE\* -3.7 % EFFECTIVE DATE 1/1/2008

7. ATTACH "NAIC LOSS COST FILING DOCUMENT—WORKERS' COMPENSATION"  
(Attach this document separately for each insurer selected loss cost multiplier.)

\* The premium level change is the change in the insurer's annual collectible premium.



Date: 5/19/08

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Department Use

**WORKERS' COMPENSATION  
LOSS COST FILING DOCUMENT COVER FORM**

INSURER RATE FILING  
ADOPTION OF ADVISORY ORGANIZATION  
PROSPECTIVE LOSS COSTS

1. INSURER NAME Wausau Underwriters Insurance Company

ADDRESS PO BOX 8017  
WAUSAU WI 54402-8017  
\_\_\_\_\_  
\_\_\_\_\_

2. PERSON RESPONSIBLE FOR FILING Judy Weber

TITLE State Filings Analyst TELEPHONE # 877-792-8728 Ext 6032

3. INSURER NAIC # 26042

4. ADVISORY ORGANIZATION National Council on Compensation

5A. PROPOSED RATE LEVEL CHANGE -14.4 % EFFECTIVE DATE 7/1/2008

5B. PROPOSED PREMIUM LEVEL CHANGE\* -14.4 % EFFECTIVE DATE 7/1/2008

6A. PRIOR RATE LEVEL CHANGE -5.9 % EFFECTIVE DATE 1/1/2008

6B. PRIOR PREMIUM LEVEL CHANGE\* -5.9 % EFFECTIVE DATE 1/1/2008

7. ATTACH "NAIC LOSS COST FILING DOCUMENT—WORKERS' COMPENSATION"  
(Attach this document separately for each insurer selected loss cost multiplier.)

\* The premium level change is the change in the insurer's annual collectible premium.

Date: 5/19/08

Space Reserved for Insurance  
Department Use

**WORKERS' COMPENSATION  
LOSS COST FILING DOCUMENT COVER FORM**

INSURER RATE FILING  
ADOPTION OF ADVISORY ORGANIZATION  
PROSPECTIVE LOSS COSTS

1. INSURER NAME Wausau Business Insurance Company

ADDRESS PO BOX 8017  
WAUSAU WI 54402-8017  
\_\_\_\_\_  
\_\_\_\_\_

2. PERSON RESPONSIBLE FOR FILING Judy Weber

TITLE State Filings Analyst TELEPHONE # 877-792-8728 Ext 6032

3. INSURER NAIC # 26069

4. ADVISORY ORGANIZATION National Council on Compensation

5A. PROPOSED RATE LEVEL CHANGE -23.7 % EFFECTIVE DATE 7/1/2008

5B. PROPOSED PREMIUM LEVEL CHANGE\* -23.7 % EFFECTIVE DATE 7/1/2008

6A. PRIOR RATE LEVEL CHANGE -8.7 % EFFECTIVE DATE 1/1/2008

6B. PRIOR PREMIUM LEVEL CHANGE\* -8.7 % EFFECTIVE DATE 1/1/2008

7. ATTACH "NAIC LOSS COST FILING DOCUMENT—WORKERS' COMPENSATION"  
(Attach this document separately for each insurer selected loss cost multiplier.)

\* The premium level change is the change in the insurer's annual collectible premium.

**FORM RF-WC NAIC LOSS COST FILING DOCUMENT—FOR WORKERS' COMPENSATION**

**CALCULATION OF COMPANY LOSS COST MULTIPLIER - Employers Insurance Company of Wausau**

<b>This filing transmittal is part of Company Tracking #</b>	<b>WCR-AR-033-08</b>
<b>This filing corresponds to form filing number</b> (Company tracking number of form filing, if applicable)	

☒ **Loss Cost Reference Filing** ☐ **Independent Rate Filing**

(Advisory Org, & Reference filing #)

NCCI Item # AR-2008-02

**If this is a loss cost filing adopting an advisory organization's loss costs, the above insurer hereby declares that it is a member, subscriber or service purchaser of the named advisory organization for this line of insurance. The insurer hereby files (to be deemed to have independently submitted as its own filing) the prospective loss costs in the captioned Reference Filing. The insurer's rates will be the combination of the prospective loss costs and the loss cost multipliers and, if utilized, the expense constants specified in the attachments.**

**1. Check one of the following:**

- ☒ The insurer hereby files to have its loss cost multipliers and, if utilized, expense constants be applicable to future revisions of the advisory organization's prospective loss costs for this line of insurance. The insurer's rates will be the combination of the advisory organization's prospective loss costs and the insurer's loss cost multipliers and if utilized, expense constants specified in the attachments. The rates will apply to policies written on or after the effective date of the advisory organization's prospective loss costs. This authorization is effective until disapproved by the Commissioner, or until amended or withdrawn by the insurer.

**Note: Some states have statutes that prohibit this option for some lines of business.**

- ☐ The insurer hereby files to have its loss cost multipliers and, if utilized, expense constants be applicable only to the above Advisory Organization Reference Filing.

**2. Does this filing apply to all class codes? Yes**

**If no, complete a copy of this form for each affected class with appropriate justification.**

**3. Loss cost modification:**

**A.** The insurer hereby files to adopt the prospective loss costs in the captioned reference filing:  
(Check One)

☐ Without Modification (factor = 1.000)

☒ With the following modification(s). (Cite the nature and percent modification, and attach supporting data and/or rationale for the modification.) LEA Factor -26.01%; Company Deviation +50.00%

**B.** Loss Cost Modification Expressed as a Factor: (See Examples Below) 1.1098

Example 1: Loss cost Modification Factor: If your company's loss cost modification is -10%, a factor of .90 (1.000 - .100) should be used.

Example 2: Loss cost Modification Factor: If your company's loss cost modification is =15%, a factor of 1.15 (1.000 + .150) should be used.

**NOTE: IF EXPENSE CONSTANTS ARE UTILIZED ATTACH "EXPENSE CONSTANT SUPPLEMENT" OR OTHER SUPPORTING INFORMATION. DO NOT COMPLETE ITEMS 4-11 BELOW.**

**4. Development of Expected Loss and Loss Adjustment Expense (Target Cost) Ratio.**

**(Attach exhibit detailing insurer expense data, impact of premium discount plans, and/or other supporting information.)**

**PROJECTED EXPENSES: Compared to standard premium at company rates.**

		Selected Provisions
<b>A.</b>	<b>Total Production Expense</b>	%
<b>B.</b>	<b>General Expense</b>	%
<b>C.</b>	<b>Taxes, Licenses &amp; Fee</b>	%
<b>D.</b>	<b>Underwriting profit &amp; contingencies*</b>	%
<b>E.</b>	<b>Other (explain)</b>	%
<b>F.</b>	<b>Total</b>	%
* Explain how investment income is taken into account		

<b>5. A.</b>	<b>Expected Loss Ratio: ELR = 100% - 4F =</b>	
<b>B.</b>	<b>ELR in Decimal Form =</b>	

**NAIC LOSS COST FILING DOCUMENT—FOR WORKERS' COMPENSATION**

6.	Overall Impact of Expense Constant and Minimum Premiums: (a 2.3% impact would be expressed as 1.023)	
7.	Overall Impact of Size-of-Risk Discounts plus Expense Graduation Recognition in Retrospective Rating: (An 8.6% average discount would be expressed as 0.914)	
8.	Company Formula Loss Cost Multiplier [3B / ((7 – 4F) X 6)]	
9.	Company Selected Loss Cost Multiplier = (Attach explanation for any differences between 6 and 7)	

Yes No

**10.** Are you amending your minimum premium formula?

☒ ☐

If yes, attach documentation, including rate level impact as well as changes in multipliers, expense constants, maximum, etc.

**11.** Are you changing your premium discount schedules?

☐ ☒

If yes, attach schedules and support, detailing premium or rate level changes.

**FORM RF-WC NAIC LOSS COST FILING DOCUMENT—FOR WORKERS' COMPENSATION**

**CALCULATION OF COMPANY LOSS COST MULTIPLIER - Wausau Underwriters Insurance Company**

<b>This filing transmittal is part of Company Tracking #</b>	<b>WCR-AR-033-08</b>
<b>This filing corresponds to form filing number</b> (Company tracking number of form filing, if applicable)	

☒ **Loss Cost Reference Filing** ☐ **Independent Rate Filing**

(Advisory Org, & Reference filing #)

NCCI Item # AR-2008-02

**If this is a loss cost filing adopting an advisory organization's loss costs, the above insurer hereby declares that it is a member, subscriber or service purchaser of the named advisory organization for this line of insurance. The insurer hereby files (to be deemed to have independently submitted as its own filing) the prospective loss costs in the captioned Reference Filing. The insurer's rates will be the combination of the prospective loss costs and the loss cost multipliers and, if utilized, the expense constants specified in the attachments.**

**1. Check one of the following:**

- ☒ The insurer hereby files to have its loss cost multipliers and, if utilized, expense constants be applicable to future revisions of the advisory organization's prospective loss costs for this line of insurance. The insurer's rates will be the combination of the advisory organization's prospective loss costs and the insurer's loss cost multipliers and if utilized, expense constants specified in the attachments. The rates will apply to policies written on or after the effective date of the advisory organization's prospective loss costs. This authorization is effective until disapproved by the Commissioner, or until amended or withdrawn by the insurer.

**Note: Some states have statutes that prohibit this option for some lines of business.**

- ☐ The insurer hereby files to have its loss cost multipliers and, if utilized, expense constants be applicable only to the above Advisory Organization Reference Filing.

**2. Does this filing apply to all class codes?** Yes

**If no, complete a copy of this form for each affected class with appropriate justification.**

**3. Loss cost modification:**

**A.** The insurer hereby files to adopt the prospective loss costs in the captioned reference filing:  
(Check One)

- ☐ Without Modification (factor = 1.000)
- ☒ With the following modification(s). (Cite the nature and percent modification, and attach supporting data and/or rationale for the modification.) LEA Factor -26.01%

**B.** Loss Cost Modification Expressed as a Factor: (See Examples Below) 0.7399

Example 1: Loss cost Modification Factor: If your company's loss cost modification is -10%, a factor of .90 (1.000 - .100) should be used.

Example 2: Loss cost Modification Factor: If your company's loss cost modification is =15%, a factor of 1.15 (1.000 + .150) should be used.

**NOTE: IF EXPENSE CONSTANTS ARE UTILIZED ATTACH "EXPENSE CONSTANT SUPPLEMENT" OR OTHER SUPPORTING INFORMATION. DO NOT COMPLETE ITEMS 4-11 BELOW.**

**4. Development of Expected Loss and Loss Adjustment Expense (Target Cost) Ratio.**

**(Attach exhibit detailing insurer expense data, impact of premium discount plans, and/or other supporting information.)**

**PROJECTED EXPENSES: Compared to standard premium at company rates.**

		Selected Provisions
<b>A.</b>	<b>Total Production Expense</b>	%
<b>B.</b>	<b>General Expense</b>	%
<b>C.</b>	<b>Taxes, Licenses &amp; Fee</b>	%
<b>D.</b>	<b>Underwriting profit &amp; contingencies*</b>	%
<b>E.</b>	<b>Other (explain)</b>	%
<b>F.</b>	<b>Total</b>	%
	<b>* Explain how investment income is taken into account</b>	

<b>5.</b>	<b>A.</b>	<b>Expected Loss Ratio: ELR = 100% - 4F =</b>	
	<b>B.</b>	<b>ELR in Decimal Form =</b>	

**NAIC LOSS COST FILING DOCUMENT—FOR WORKERS' COMPENSATION**

6.	Overall Impact of Expense Constant and Minimum Premiums: (a 2.3% impact would be expressed as 1.023)	
7.	Overall Impact of Size-of-Risk Discounts plus Expense Graduation Recognition in Retrospective Rating: (An 8.6% average discount would be expressed as 0.914)	
8.	Company Formula Loss Cost Multiplier [3B / ((7 – 4F) X 6)]	
9.	Company Selected Loss Cost Multiplier = (Attach explanation for any differences between 6 and 7)	

Yes No

**10.** Are you amending your minimum premium formula?

☒ ☐

If yes, attach documentation, including rate level impact as well as changes in multipliers, expense constants, maximum, etc.

**11.** Are you changing your premium discount schedules?

☐ ☒

If yes, attach schedules and support, detailing premium or rate level changes.

**FORM RF-WC NAIC LOSS COST FILING DOCUMENT—FOR WORKERS' COMPENSATION**

**CALCULATION OF COMPANY LOSS COST MULTIPLIER - Wausau Business Insurance Company**

<b>This filing transmittal is part of Company Tracking #</b>	<b>WCR-AR-033-08</b>
<b>This filing corresponds to form filing number</b> <small>(Company tracking number of form filing, if applicable)</small>	

- ☒ **Loss Cost Reference Filing** \_\_\_\_\_ ☐ **Independent Rate Filing**  
(Advisory Org, & Reference filing #) NCCI Item # AR-2008-02

**If this is a loss cost filing adopting an advisory organization's loss costs, the above insurer hereby declares that it is a member, subscriber or service purchaser of the named advisory organization for this line of insurance. The insurer hereby files (to be deemed to have independently submitted as its own filing) the prospective loss costs in the captioned Reference Filing. The insurer's rates will be the combination of the prospective loss costs and the loss cost multipliers and, if utilized, the expense constants specified in the attachments.**

**1. Check one of the following:**

- ☒ The insurer hereby files to have its loss cost multipliers and, if utilized, expense constants be applicable to future revisions of the advisory organization's prospective loss costs for this line of insurance. The insurer's rates will be the combination of the advisory organization's prospective loss costs and the insurer's loss cost multipliers and if utilized, expense constants specified in the attachments. The rates will apply to policies written on or after the effective date of the advisory organization's prospective loss costs. This authorization is effective until disapproved by the Commissioner, or until amended or withdrawn by the insurer.

**Note: Some states have statutes that prohibit this option for some lines of business.**

- ☐ The insurer hereby files to have its loss cost multipliers and, if utilized, expense constants be applicable only to the above Advisory Organization Reference Filing.

**2. Does this filing apply to all class codes?** Yes  
**If no, complete a copy of this form for each affected class with appropriate justification.**

**3. Loss cost modification:**

**A.** The insurer hereby files to adopt the prospective loss costs in the captioned reference filing:  
 (Check One)

- ☐ Without Modification (factor = 1.000)  
☒ With the following modification(s). (Cite the nature and percent modification, and attach supporting data and/or rationale for the modification.) LEA Factor -26.01%; Company Deviation -35.19%

**B.** Loss Cost Modification Expressed as a Factor: (See Examples Below) 0.4795

Example 1: Loss cost Modification Factor: If your company's loss cost modification is -10%, a factor of .90 (1.000 - .100) should be used.

Example 2: Loss cost Modification Factor: If your company's loss cost modification is =15%, a factor of 1.15 (1.000 + .150) should be used.

**NOTE: IF EXPENSE CONSTANTS ARE UTILIZED ATTACH "EXPENSE CONSTANT SUPPLEMENT" OR OTHER SUPPORTING INFORMATION. DO NOT COMPLETE ITEMS 4-11 BELOW.**

**4. Development of Expected Loss and Loss Adjustment Expense (Target Cost) Ratio.**  
**(Attach exhibit detailing insurer expense data, impact of premium discount plans, and/or other supporting information.)**

**PROJECTED EXPENSES: Compared to standard premium at company rates.**

		Selected Provisions
<b>A.</b>	<b>Total Production Expense</b>	%
<b>B.</b>	<b>General Expense</b>	%
<b>C.</b>	<b>Taxes, Licenses &amp; Fee</b>	%
<b>D.</b>	<b>Underwriting profit &amp; contingencies*</b>	%
<b>E.</b>	<b>Other (explain)</b>	%
<b>F.</b>	<b>Total</b>	%
	<b>* Explain how investment income is taken into account</b>	

<b>5.</b>	<b>A.</b>	<b>Expected Loss Ratio: ELR = 100% - 4F =</b>	
	<b>B.</b>	<b>ELR in Decimal Form =</b>	

**NAIC LOSS COST FILING DOCUMENT—*FOR WORKERS' COMPENSATION***

6.	Overall Impact of Expense Constant and Minimum Premiums: (a 2.3% impact would be expressed as 1.023)	1.001
7.	Overall Impact of Size-of-Risk Discounts plus Expense Graduation Recognition in Retrospective Rating: (An 8.6% average discount would be expressed as 0.914)	0.916
8.	Company Formula Loss Cost Multiplier [3B / ((7 – 4F) X 6)]	0.90
9.	Company Selected Loss Cost Multiplier = (Attach explanation for any differences between 6 and 7)	0.9

Yes No

**10.** Are you amending your minimum premium formula?

☒ ☐

If yes, attach documentation, including rate level impact as well as changes in multipliers, expense constants, maximum, etc.

**11.** Are you changing your premium discount schedules?

☐ ☒

If yes, attach schedules and support, detailing premium or rate level changes.



# NAIC EXPENSE CONSTANT SUPPLEMENT

## CALCULATION OF COMPANY LOSS COST MULTIPLIER WITH EXPENSE CONSTANTS

EICOW  
(EFFECTIVE AUG. 16, 2004)

(This form must be provided ONLY when making a filing that includes an expense constant)

<b>This filing transmittal is part of Company Tracking #</b>	<b>WCR-AR-033-08</b>
<b>This filing corresponds to form filing number</b> (Company tracking number of form filing, if applicable)	

**Development of Expected Loss Ratio. (Attach exhibit detailing insurer expense data and/or other supporting information.)**

		Selected Provisions				
4.			Overall	Variable	Fixed	
	A.	Total Production Expense	10.6	10.6	0.0	%
	B.	General Expense	6.8	5.2	1.5	%
	C.	Taxes, License & Fees	5.8	5.8	0.0	%
	D.	Underwriting Profit & Contingencies*	1.3	1.3	0.0	%
	E.	Other (explain) RM Burden .6%; Prem Disc 8.0%	8.6	8.6	0.0	%
	F.	TOTAL	33.0	31.5	1.5	%
		*Explain how investment income is taken into account.				

5.	A.	Expected Loss Ratio: $ELR = 100\% - \text{Overall } 4F$	67.0	%
	B.	ELR in decimal form =	.670	
	C.	Variable Expected Loss Ratio: $VELR = 100\% - \text{Variable } 4F$	68.5	%
	D.	VELR in Decimal Form = B. ELR in Decimal Form =	.685	

6.	A.	Formula Expense Constant: $[(1.00 \text{ divided by } 5B) - (1.00 \text{ divided by } 5D)]$	\$200	
	B.	Formula Variable Loss Cost Multiplier (3B divided by 5D)	1.620	

7.	A.	Selected Expense Constant =	\$200	
	B.	Selected Variable Loss Cost Multiplier =	1.620	

**8. Explain any differences between 6 and 7:**

9.	Rate level change for the coverage(s) to which this page applies	-5.8	%
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PC IRF

# NAIC EXPENSE CONSTANT SUPPLEMENT

## CALCULATION OF COMPANY LOSS COST MULTIPLIER WITH EXPENSE CONSTANTS

WUIC  
(EFFECTIVE AUG. 16, 2004)

(This form must be provided ONLY when making a filing that includes an expense constant)

<b>This filing transmittal is part of Company Tracking #</b>	<b>WCR-AR-033-08</b>
<b>This filing corresponds to form filing number</b> (Company tracking number of form filing, if applicable)	

**Development of Expected Loss Ratio. (Attach exhibit detailing insurer expense data and/or other supporting information.)**

		Selected Provisions				
4.			Overall	Variable	Fixed	
	A.	Total Production Expense	10.6	10.6	0.0	%
	B.	General Expense	6.8	5.2	1.5	%
	C.	Taxes, License & Fees	5.8	5.8	0.0	%
	D.	Underwriting Profit & Contingencies*	1.3	1.3	0.0	%
	E.	Other (explain) RM Burden .6%; Prem Disc 8.0%	8.6	8.6	0.0	%
	F.	TOTAL	33.0	31.5	1.5	%
		*Explain how investment income is taken into account.				

5.	A.	Expected Loss Ratio: $ELR = 100\% - \text{Overall } 4F$	67.0	%
	B.	ELR in decimal form =	.670	
	C.	Variable Expected Loss Ratio: $VELR = 100\% - \text{Variable } 4F$	68.5	%
	D.	VELR in Decimal Form = B. ELR in Decimal Form =	.685	

6.	A.	Formula Expense Constant: $[(1.00 \text{ divided by } 5B) - (1.00 \text{ divided by } 5D)]$	\$200	
	B.	Formula Variable Loss Cost Multiplier (3B divided by 5D)	1.080	

7.	A.	Selected Expense Constant =	\$200	
	B.	Selected Variable Loss Cost Multiplier =	1.080	

**8. Explain any differences between 6 and 7:**

9.	Rate level change for the coverage(s) to which this page applies	-14.4	%
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PC IRF

# NAIC EXPENSE CONSTANT SUPPLEMENT

## CALCULATION OF COMPANY LOSS COST MULTIPLIER WITH EXPENSE CONSTANTS

WBIC  
(EFFECTIVE AUG. 16, 2004)

(This form must be provided ONLY when making a filing that includes an expense constant)

<b>This filing transmittal is part of Company Tracking #</b>	<b>WCR-AR-033-08</b>
<b>This filing corresponds to form filing number</b> (Company tracking number of form filing, if applicable)	

**Development of Expected Loss Ratio. (Attach exhibit detailing insurer expense data and/or other supporting information.)**

		Selected Provisions				
4.			Overall	Variable	Fixed	
	A.	Total Production Expense	10.6	10.6	0.0	%
	B.	General Expense	6.8	5.2	1.5	%
	C.	Taxes, License & Fees	5.8	5.8	0.0	%
	D.	Underwriting Profit & Contingencies*	1.3	1.3	0.0	%
	E.	Other (explain) RM Burden .6%; Prem Disc 8.0%	8.6	8.6	0.0	%
	F.	TOTAL	33.0	31.5	1.5	%
		*Explain how investment income is taken into account.				

5.	A.	Expected Loss Ratio: $ELR = 100\% - \text{Overall } 4F$	67.0	%
	B.	ELR in decimal form =	.670	
	C.	Variable Expected Loss Ratio: $VELR = 100\% - \text{Variable } 4F$	68.5	%
	D.	VELR in Decimal Form = B. ELR in Decimal Form =	.685	

6.	A.	Formula Expense Constant: $[(1.00 \text{ divided by } 5B) - (1.00 \text{ divided by } 5D)]$	\$200	
	B.	Formula Variable Loss Cost Multiplier (3B divided by 5D)	0.700	

7.	A.	Selected Expense Constant =	\$200	
	B.	Selected Variable Loss Cost Multiplier =	0.700	

**8. Explain any differences between 6 and 7:**

9.	Rate level change for the coverage(s) to which this page applies	-23.7	%
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PC IRF

# NAIC LOSS COST DATA ENTRY DOCUMENT

1. This filing transmittal is part of Company Tracking # WCR-AR-033-08

2. If filing is an adoption of an advisory organization loss cost filing, give name of Advisory Organization and Reference/ Item Filing Number NCCI  
AR-2008-02

3. A. Company Name Employers Insurance Company of Wausau B. Company NAIC Number 21458

4. A. Product Coding Matrix Line of Business (i.e., Type of Insurance) Workers Compensation B. Product Coding Matrix Line of Insurance (i.e., Sub-type of Insurance)

(A) COVERAGE (See Instructions)	(B) Indicated % Rate Level Change	(C) Requested % Rate Level Change	FOR LOSS COSTS ONLY				
			(D) Expected Loss Ratio	(E) Loss Cost Modification Factor	(F) Selected Loss Cost Multiplier	(G) Expense Constant (If Applicable)	(H) Co. Current Loss Cost Multiplier
Workers Compensation	-10.6% *	-5.8%	0.670	1.1098	1.620	200	1.500
TOTAL OVERALL EFFECT	-10.6%	-5.8%					

6. 5 Year History		Rate Change History					
Year	Policy Count	% of Change	Effective Date	State Earned Premium (000)	Incurred Losses (000)	State Loss Ratio	Countrywide Loss Ratio
2008	N/A	-3.7%	1/1/2008	N/A	N/A	N/A	N/A
2007	N/A	-14.0%	7/1/2007	N/A	N/A	N/A	N/A
2006	83	-7.8%	7/1/2006	2,210,926	832,913	0.377	0.499
2005	80	-10.9%	7/1/2005	2,397,571	602,568	0.251	0.501
2004	116	0.5%	7/1/2004	2,867,926	1,219,574	0.425	0.538
2003	147	2.1%	7/1/2003	2,768,713	1,330,571	0.481	0.536
2003	147	16.7%	5/1/2003	2,768,713	1,330,571	0.481	0.536
2002	160	12.2%	7/1/2002	3,370,387	1,130,281	0.335	0.606

7.	
Expense Constants	Selected Provisions
A. Total Production Expense	10.6
B. General Expense	6.8
C. Taxes, License & Fees	5.8
D. Underwriting Profit & Contingencies	1.3
E. Other (See Exhibit 1)	8.6
F. TOTAL	33.0

8. Y Apply Lost Cost Factors to Future filings? (Y or N)

9. 22.7% Estimated Maximum Rate Increase for any Insured (%). Territory (if applicable):

NA

10. -26.3% Estimated Maximum Rate Decrease for any Insured (%) Territory (if applicable):

NA

\* The Indicated % Rate Level Change is calculated using all companies combined. See Actuarial Memorandum

PC RLC

# NAIC LOSS COST DATA ENTRY DOCUMENT

1. This filing transmittal is part of Company Tracking # WCR-AR-033-08

2. If filing is an adoption of an advisory organization loss cost filing, give name of Advisory Organization and Reference/ Item Filing Number NCCI  
AR-2008-02

3. A. Company Name Wausau Underwriters Insurance Company B. Company NAIC Number 26042

4. A. Product Coding Matrix Line of Business (i.e., Type of Insurance) Workers Compensation B. Product Coding Matrix Line of Insurance (i.e., Sub-type of Insurance)

(A) COVERAGE (See Instructions)	(B) Indicated % Rate Level Change	(C) Requested % Rate Level Change	FOR LOSS COSTS ONLY				
			(D) Expected Loss Ratio	(E) Loss Cost Modification Factor	(F) Selected Loss Cost Multiplier	(G) Expense Constant (If Applicable)	(H) Co. Current Loss Cost Multiplier
Workers Compensation	-10.6% *	-14.4%	0.670	0.740	1.080	200	1.100
TOTAL OVERALL EFFECT	-10.6%	-14.4%					

6. 5 Year History		Rate Change History					
Year	Policy Count	% of Change	Effective Date	State Earned Premium (000)	Incurred Losses (000)	State Loss Ratio	Countrywide Loss Ratio
2008	N/A	-5.9%	1/1/2008	N/A	N/A	N/A	N/A
2007	N/A	-12.7%	7/1/2007	N/A	N/A	N/A	N/A
2006	112	-10.8%	7/1/2006	2,490,403	1,250,163	0.502	0.584
2005	93	-13.4%	7/1/2005	2,669,234	1,031,220	0.386	0.600
2004	84	0.5%	7/1/2004	2,423,089	996,885	0.411	0.578
2003	61	2.1%	7/1/2003	2,334,734	1,068,033	0.457	0.614
2003	61	6.5%	5/1/2003	2,334,734	1,068,033	0.457	0.614
2002	38	7.0%	7/1/2002	1,715,861	762,286	0.444	0.660

7.	
Expense Constants	Selected Provisions
A. Total Production Expense	10.6
B. General Expense	6.8
C. Taxes, License & Fees	5.8
D. Underwriting Profit & Contingencies	1.3
E. Other (See Exhibit 1)	8.6
F. TOTAL	33.0

8. Y Apply Lost Cost Factors to Future filings? (Y or N)  
 9. 12.6% Estimated Maximum Rate Increase for any Insured (%). Territory (if applicable): NA  
 10. -35.9% Estimated Maximum Rate Decrease for any Insured (%) Territory (if applicable): NA

\* The Indicated % Rate Level Change is calculated using all companies combined. See Actuarial Memorandum

PC RLC

# NAIC LOSS COST DATA ENTRY DOCUMENT

1.	This filing transmittal is part of Company Tracking #	WCR-AR-033-08
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2.	If filing is an adoption of an advisory organization loss cost filing, give name of Advisory Organization and Reference/ Item Filing Number	NCCI AR-2008-02
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	Company Name	Company NAIC Number
3.	A. Wausau Business Insurance Company	B. 26425

	Product Coding Matrix Line of Business (i.e., Type of Insurance)	Product Coding Matrix Line of Insurance (i.e., Sub-type of Insurance)
4.	A. Workers Compensation	B.

(A) COVERAGE (See Instructions)	(B) Indicated % Rate Level Change	(C) Requested % Rate Level Change	FOR LOSS COSTS ONLY				
			(D) Expected Loss Ratio	(E) Loss Cost Modification Factor	(F) Selected Loss Cost Multiplier	(G) Expense Constant (If Applicable)	(H) Co. Current Loss Cost Multiplier
Workers Compensation	-10.6% *	-23.7%	0.670	0.480	0.700	200	0.800
TOTAL OVERALL EFFECT	-10.6%	-23.7%					

6.	5 Year History	Rate Change History					
Year	Policy Count	% of Change	Effective Date	State Earned Premium (000)	Incurred Losses (000)	State Loss Ratio	Countrywide Loss Ratio
2008	N/A	-8.7%	1/1/2008	N/A	N/A	N/A	N/A
2007	N/A	-14.9%	7/1/2007	N/A	N/A	N/A	N/A
2006	58	-9.5%	7/1/2006	954,662	399,181	0.418	0.587
2005	36	-13.3%	7/1/2005	868,025	898,825	1.035	0.670
2004	18	0.5%	7/1/2004	687,525	468,123	0.681	0.698
2003	4	2.1%	7/1/2003	231,342	56,788	0.245	0.759
2003	4	-3.8%	5/1/2003	231,342	56,788	0.245	0.759
2002	7	0.5%	7/1/2002	84,078	33,816	0.402	0.722

7.	
Expense Constants	Selected Provisions
A. Total Production Expense	10.6
B. General Expense	6.8
C. Taxes, License & Fees	5.8
D. Underwriting Profit & Contingencies	1.3
E. Other (See Exhibit 1)	8.6
F. TOTAL	33.0

8. Y Apply Lost Cost Factors to Future filings? (Y or N)
9. -0.3% Estimated Maximum Rate Increase for any Insured (%). Territory (if applicable): NA
10. -39.6% Estimated Maximum Rate Decrease for any Insured (%) Territory (if applicable): NA

\* The Indicated % Rate Level Change is calculated using all companies combined. See Actuarial Memorandum

PC RLC